



Investor Access @ Envista Summit

February 24, 2023



Forward Looking Statements

Certain statements in this presentation are “forward-looking” statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, the conditions in the U.S. and global economy, the impact of inflation and increasing interest rates, international economic, political, legal, compliance and business factors, the markets served by us and the financial markets, the impact of the COVID-19 pandemic, the impact of our debt obligations on our operations and liquidity, developments and uncertainties in trade policies and regulations, contractions or growth rates and cyclicity of markets we serve, risks relating to product manufacturing, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole or limited sources of supply, disruptions relating to war, terrorism, climate change, widespread protests and civil unrest, man-made and natural disasters, public health issues and other events, security breaches or other disruptions of our information technology systems or violations of data privacy laws, fluctuations in inventory of our distributors and customers, loss of a key distributor, our relationships with and the performance of our channel partners, competition, our ability to develop and successfully market new products and services, our ability to attract, develop and retain our key personnel, the potential for improper conduct by our employees, agents or business partners, our compliance with applicable laws and regulations (including regulations relating to medical devices and the health care industry), the results of our clinical trials and perceptions thereof, penalties associated with any off-label marketing of our products, modifications to our products that require new marketing clearances or authorizations, our ability to effectively address cost reductions and other changes in the health care industry, our ability to successfully identify and consummate appropriate acquisitions and strategic investments, our ability to integrate the businesses we acquire and achieve the anticipated benefits of such acquisitions, contingent liabilities relating to acquisitions, investments and divestitures, our ability to adequately protect our intellectual property, the impact of our restructuring activities on our ability to grow, risks relating to currency exchange rates, changes in tax laws applicable to multinational companies, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, risks relating to product, service or software defects, the impact of regulation on demand for our products and services, and labor matters. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Annual Report on Form 10-K for fiscal year 2022 and our Quarterly reports on Form 10-Q. These forward-looking statements speak only as of the date of this press release and except to the extent required by applicable law, we do not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

AGENDA

Time	Topic	Presenter
08:00 – 08:45	Envista – Overview & Strategy	Amir Aghdaei
08:45 – 09:15	Envista Business System – Leadership Journey	Eric Conley Patrik Eriksson David Armstrong Drew Weightman
09:15 – 10:00	Q&A – Panel Discussion	Envista Leadership
10:00 – 10:15	Break	All
10:15 – 10:45	Tour	All

What you will hear today....

- 🌀 Dental is an attractive market with positive secular growth trends
-

- 🌀 Envista is strategically differentiated with a proven track record of execution
-

- 🌀 Significant opportunity to accelerate growth, improve margins, & create long-term value for patients, customers, and shareholders

Envista Holdings Corporation

Partnering with professionals to improve lives by expanding oral care access worldwide

Envista Profile

-  **12,000+** Employees
-  **140+** Countries
-  **125+** Years of Innovation
-  **1,900+** Issued Patents
-  HQ Brea, California
-  Industry Leading Brands

Specialty Products & Technologies

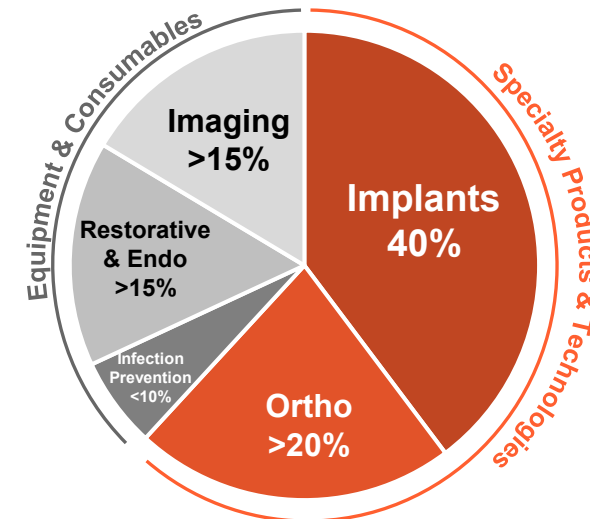


Equipment & Consumables



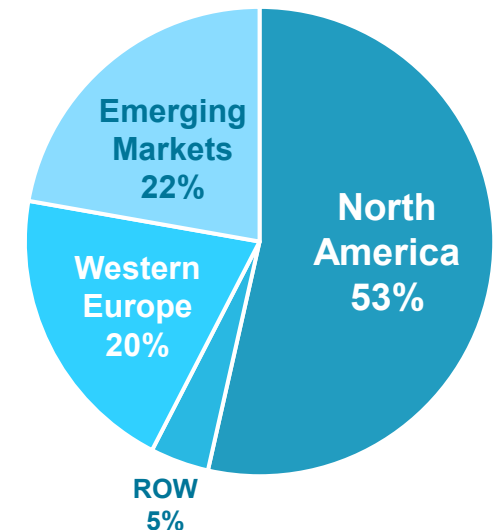
Annual Revenue – FY 2022 \$2.6 Billion

Revenue by Segment



- **>80%** of sales are consumables
- **>60%** of sales are direct

Revenue by Geography



Our Purpose



**We partner with professionals
to improve lives**

Our Core Values



**Customer
Centricity**



Innovation



Respect



**Continuous
Improvement**



Leadership

Envista Transformation

	Pre-IPO	2022	2026**
Growth*	Flat to decline <ul style="list-style-type: none"> Lacked Aligners & Intraoral Scanners (IOS) Under-performing in key segments 	MSD <ul style="list-style-type: none"> Leading new aligner system Premium Implants Growing at or above market 	HSD <ul style="list-style-type: none"> Leader in Orthodontics Implant Based Tooth Replacements IOS & Digital Dentistry Above market growth
Margins	Mid-Teens adj. EBITDA%* <ul style="list-style-type: none"> Significant long-term R&D investment Complex operating structure Excess sites (190 offices + >40 factories) 	20.1% adj. EBITDA%* <ul style="list-style-type: none"> >\$150M reduction in struct. costs (since IPO) Streamlined footprint (45 offices & 21 factories) 150 bps of price (full year 2022) 	>22.5% adj. EBITDA%* <ul style="list-style-type: none"> Spark at or above fleet margins EBS drive productivity Increased exposure to SP&T
Portfolio	LSD WAMGR (est. weighted average market growth rate) <50% business direct to clinician <ul style="list-style-type: none"> High exposure to cyclical equipment Limited M&A 	LSD+ WAMGR (est. weighted average market growth rate) >60% business direct to clinician <ul style="list-style-type: none"> Divested KaVo Treatment Unit & Instruments Acquired IOS and Regen SP&T organic growth 	MSD+ WAMGR (est. weighted average market growth rate) >70% business direct to clinician <ul style="list-style-type: none"> Continued portfolio transformation Value Implants; Regeneratives; & Prosthetics Digital Dentistry

EBS driving sustainable transformation: growth, margin, & portfolio

*Core sales growth and adjusted EBITDA margins are non-GAAP financial measures. For a reconciliation to the most directly comparable GAAP measures for 2022, please see Appendix. The figures in the 2026 column cannot be reconciled to the closest GAAP measures without unreasonable effort because of the unpredictability of the amounts and events affecting the items we exclude from non-GAAP measures.

**These are not projections or results of operations and do not constitute guidance; they are subject to significant uncertainties and contingencies and are based upon management's current assumptions, which are subject to change.

Dental Market Landscape

Patients



Annual Spend
>\$350 Billion*

Growth
MSD**

**# of People with
Tooth Loss**
4 Billion

**# of People with
Malocclusions**
5 Billion

Trends:

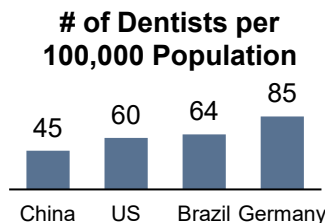
- Aging population
- Improving access to care
- Significant under treatment
- Increasing focus on aesthetics

Clinicians / Providers



of Clinicians
>2 Million

- Specialists
- General Practitioners
- DSO's

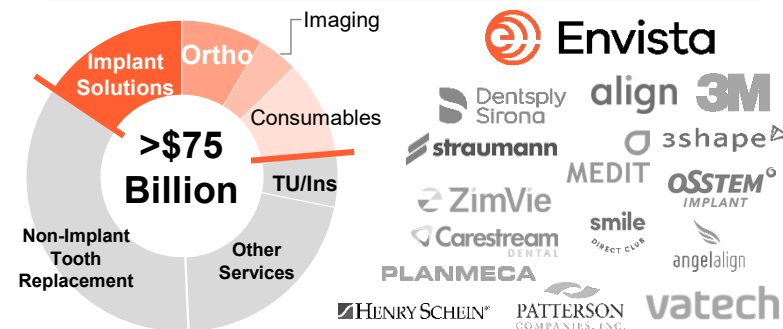


**Growth of Dental
Service Organizations**
>25% per year

Trends:

- "Dentistry as a (growth) business"
- Rapid growth of DSO's
- Focus on practice efficiency
- Digitization of workflows

Suppliers



**# of Dental
IPOs since 2019**
>5

**# of Dental
Transactions
Since 2019**
>100

Trends:

- Increasing investment and focus
- DTC investments (& challenges)
- Bifurcating market:
 - High Value / Growth: Implant + Ortho + Digital
 - Lower Growth: Equip + Hygiene + other



Dental Market is Resilient



Growing understanding of the link between **Oral Health** and overall health



Significant **under-treatment** in both developed and developing markets



Many dental treatments are **difficult to postpone** due to pain, age, or lifestyle



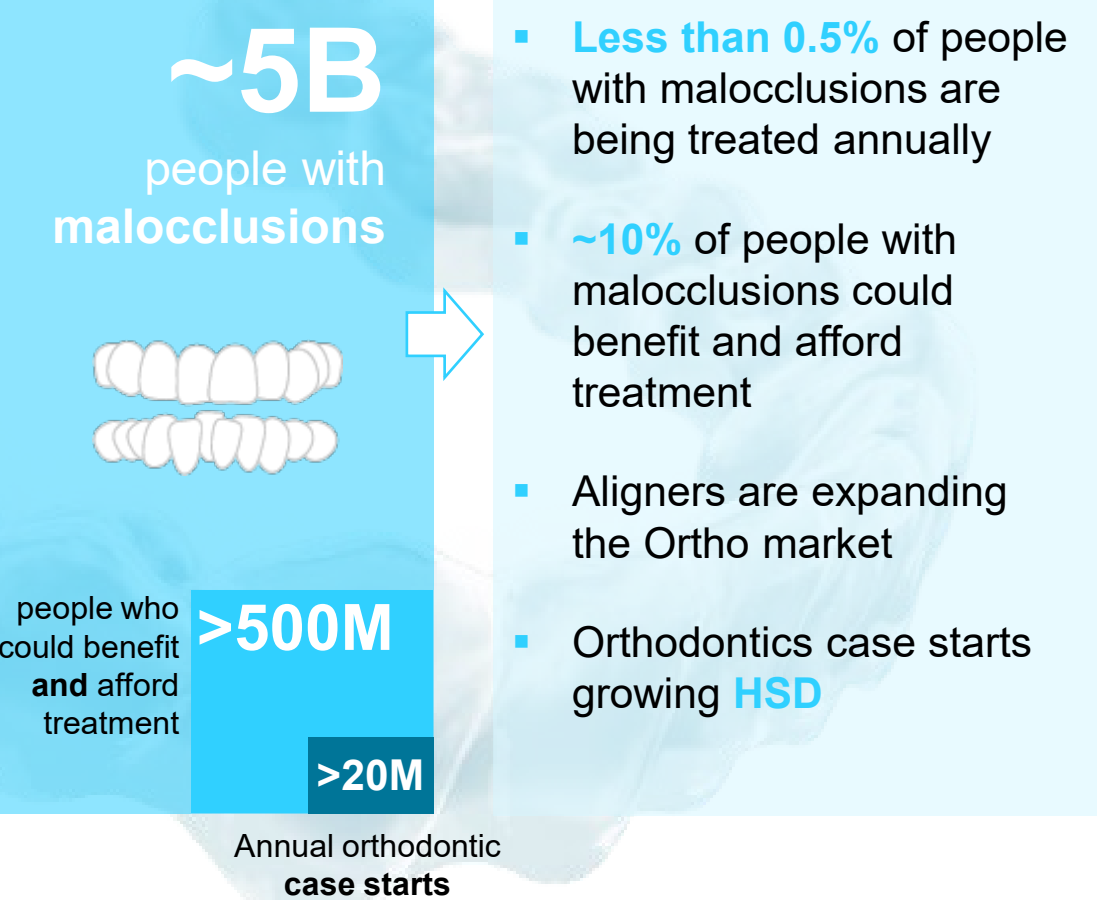
Expanding **insurance coverage** and increased **access to care** stabilizes demand



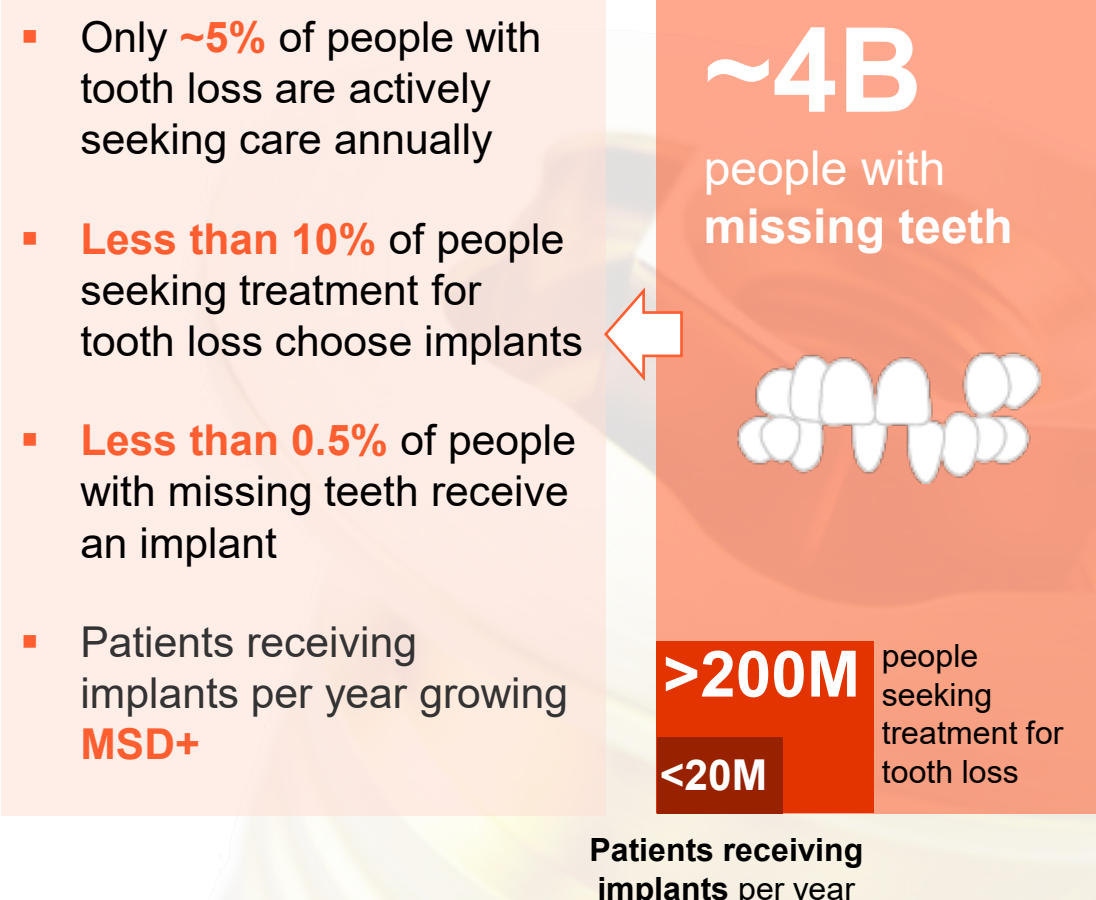
Key specialty segments are significantly **under-penetrated** and becoming the **standard of care**

Significantly Underpenetrated Dental Segments










Orthodontics



Implants



Envista – Focused on High Value Segments (>\$25B)

Envista	Solutions		Segment Size*	Segment Growth**	Segment Growth Drivers	Our Brands
Specialty Products & Technologies	Implant-based Tooth Replacements		~\$11B	MSD+	<ul style="list-style-type: none"> • Tooth loss significantly under-treated • Implants are becoming the standard of care • Doctor training; # of dentists placing implants 	  
	Orthodontics	Brackets & Wires	~\$2B	LSD	<ul style="list-style-type: none"> • Under treatment of malocclusions • Improved access to dental care • Focus on aesthetics • Improved treatment protocols 	 
		Aligners	~\$4B	>20%		
Equipment & Consumables	Imaging & Diagnostics	2D/3D	~\$2B	LSD+	<ul style="list-style-type: none"> • Accelerating digitization of the dental office • Workflow enhancements to drive efficiency • Improved clinical outcomes for specialty procedures 	 
		IOS	~\$1B	>10%		
	Consumables & Infection Prevention		~\$7B	LSD	<ul style="list-style-type: none"> • Improved access to dental care • Link between oral health and overall health 	 

*Represents estimated industry size

**Represents estimated outlook

Source: Management estimates, iData, public reports

Dental Market Evolution



Yesterday

- Analog imaging
- Impressions, stone models
- Inefficient, skill-dependent

Today

- Digital dentistry is here
- Multiple systems not working together
- Complex, confusing

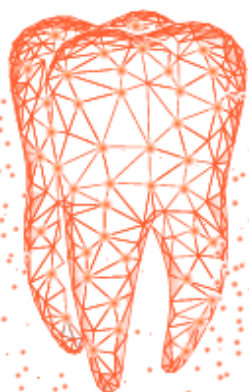
Tomorrow

- Integrated workflow: diagnostics, planning, execution in one place
- Predictable treatments, higher productivity
- Digitize, Personalize, Democratize

Transformation provides significant opportunity for sustainable competitive advantage

Image capture and visualization of patient anatomy to develop and execute integrated, efficient, and predictable treatment plans.

Digitize



Enable the development and communication of personalized treatment plans to assist clinicians in delivering confidence to patients.

Personalize



Improve the efficiency of care and accelerate the productivity of clinicians, allowing them to treat more patients with more predictable outcomes to improve access to dental care around the world.

Democratize



How We Differentiate in Imaging & Diagnostics

Improving clinical outcomes and increasing patient acceptance



Customer Centricity

Broad global reach with superior support & service

>1,500 daily customer interactions

60 Day Satisfaction Guarantee



Installed Base

Large installed base of imaging equipment in dental offices

>165,000 units in operation

>50,000 DEXIS software licenses



Digital Ecosystem

Connected workflows from diagnostics to planning to treatment

Hardware:

2D / 3D Imaging; CBCT; IOS; Guided / Navigated Surgery; 3D printing

Software:

DTX Studio™ Platform

Value Proposition

- ✓ Simplicity
- ✓ Digital Assistance
- ✓ Digital Interaction



Patient impact



- Impacting >200 million cases
- Installed in >10% of dental practices globally

How We Differentiate in Implant-Based Tooth Replacements

Innovation and commercial execution to accelerate growth to HSD*



Customer Centricity

Partnering with professionals to perfect implant-based tooth replacements

>1,300 Commercial resources



“All-on-4® Center of Excellence”

>300 certified centers of excellence in North America

65% Net promoter score



Training & Education

Training the dental leaders of today and tomorrow

>1,200 events and **>30,000** clinicians trained annually



Innovation

Leader in clinical and digital workflow innovation

All-on-4® Treatment Protocols

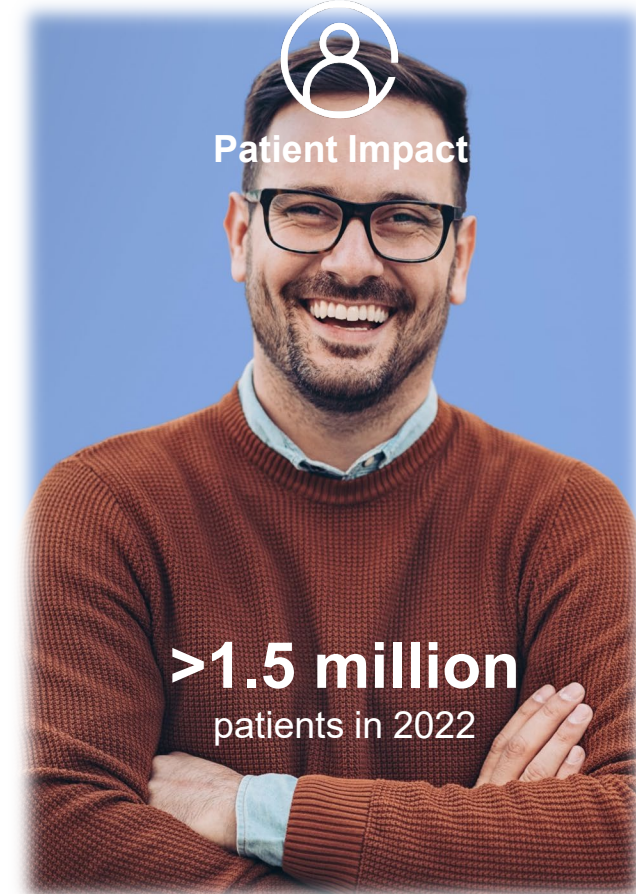
TiUltra™ & Xeal™ Innovative Surface Treatments

Nobel Biocare N1™ Implant System



Patient Impact

>1.5 million patients in 2022



How We Differentiate in Orthodontics

Focus on orthodontics will allow us to be the partner of choice and sustain DD+ growth*



Customer Centricity

Deliver superior support & service, globally

>500 commercial resources

Complete offering of treatment options



Extensive network of key experts with deep knowledge of orthodontics



Training & Education

Provide “best in class” professional training

>3,000 events and **>50,000** clinicians trained annually

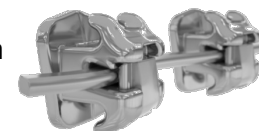


Innovation

Driving clinical efficacy & productivity

Damon Ultima System

First true full expression orthodontic system designed for faster and more precise finishing.



Spark Clear Aligners give doctors start to finish control & flexibility while delivering predictable and efficient treatment planning.



Patient impact



>2.0 million
Ortho case starts in 2022

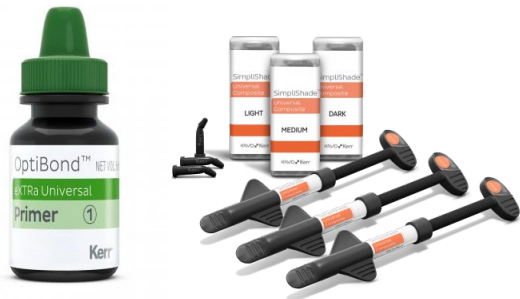
How We Differentiate in Everyday Dental Solutions*

Leading solutions in restoratives, endodontics, infection prevention, & dental loupes

Kerr™

Leading supplier of restorative and endodontics solutions

- Trusted brand **>130 Years**
- **>50% patients** in US treated with Kerr products each year
- Workflows designed to deliver simplicity, high aesthetics, and great clinical outcomes



Metrex™

INFECTION PREVENTION

Comprehensive supplier of infection prevention solutions for dental offices.

- Award winning solutions
- Effective against a wide range of pathogens (including SARS-CoV-2)
- Aggressive kill times
- Compatible with equipment & instrumentation



ORASCOPTIC™

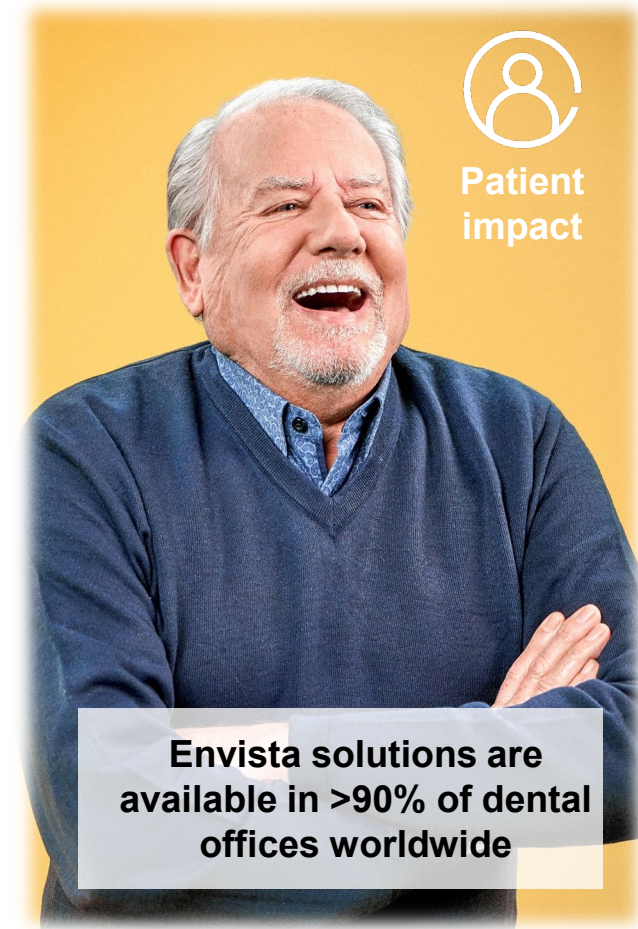
SUPERIOR VISUALIZATION

Exceptional magnification and optimal illumination ensuring the best procedural results

- Enabling you to see the unseen, practice ergonomically, and excel at your craft



Patient impact



Envista solutions are available in >90% of dental offices worldwide

Execution Powered by EBS

EBS-based execution drives long-term returns

Improve cost structure



Gross margin



G&A

Reinvest for growth



R&D



S&M

Accelerate margins & core growth



Core growth



EBITDA

Core sales growth

+

Margin expansion

+

Strong free cash flow

+

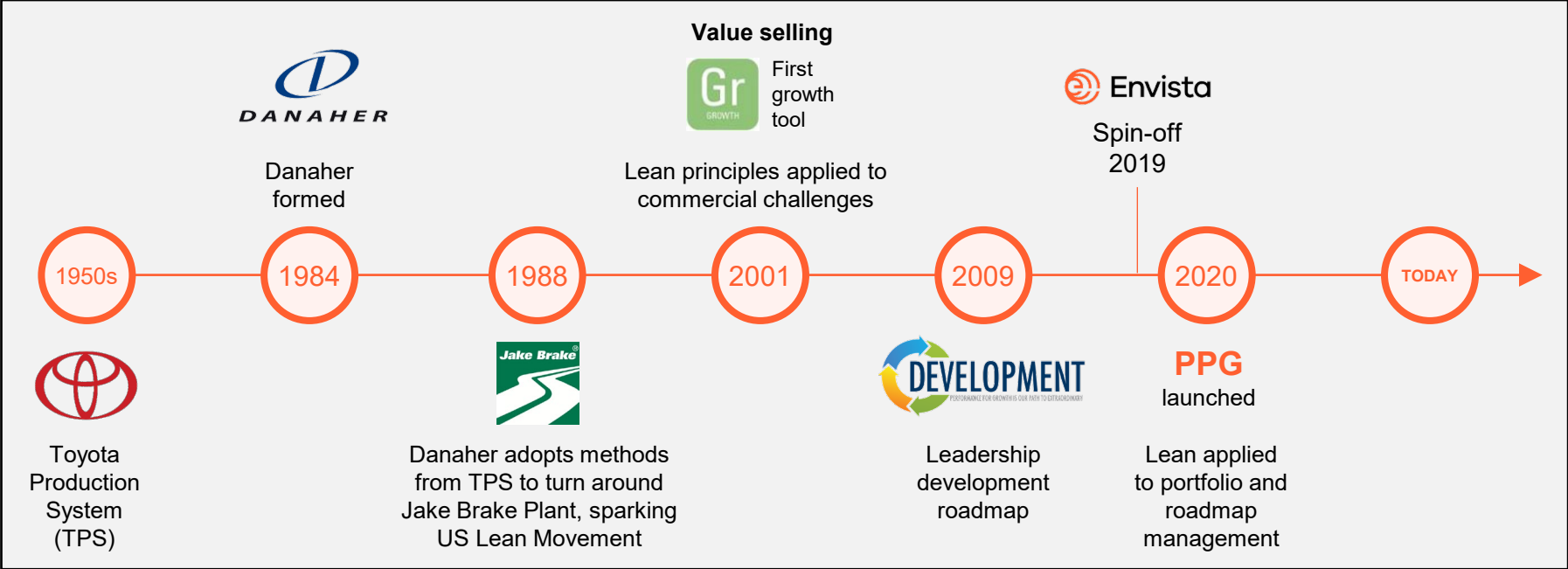
Acquisitions

=

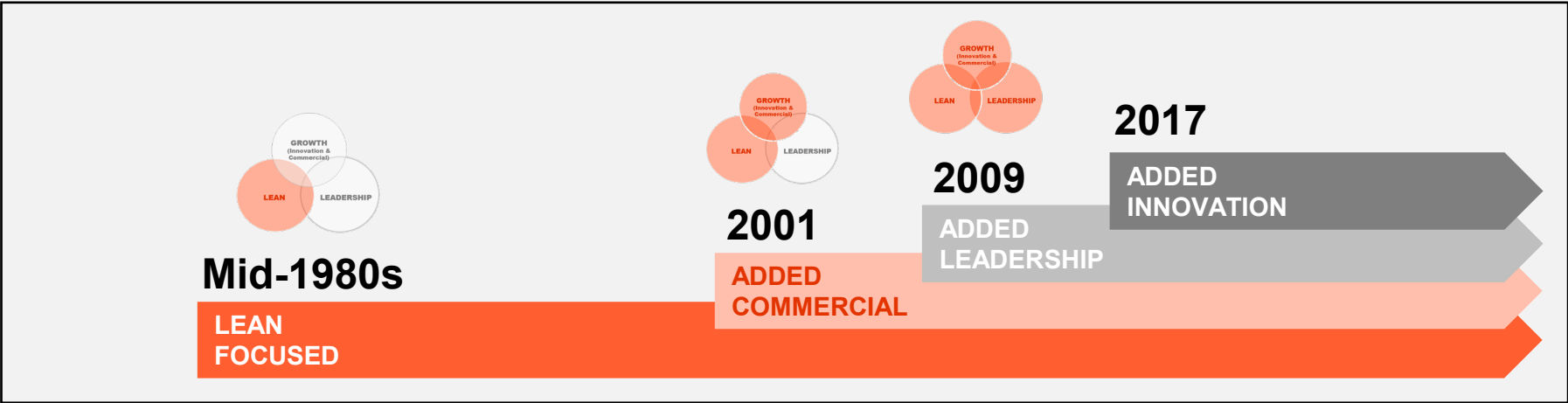
Strong EPS growth & compounding returns

The Evolution of the Envista Business System (EBS/DBS)

Milestones



Development



“Common sense, vigorously applied”

- Continue to improve processes and tools
- Adapt to evolving needs of customers and markets - from lean to a balanced approach

EBS – Core Value Drivers Measure Success

EBS Foundation



8 Core Value Drivers

Shareholders



- Core Revenue Growth
- Operating Margin Expansion (OMX)
- Cash Flow / Working Capital (WC) Turns
- Return on Invested Capital (ROIC)

Customers



- Quality (external PPM)
- On-Time Delivery (OTD)

Employees



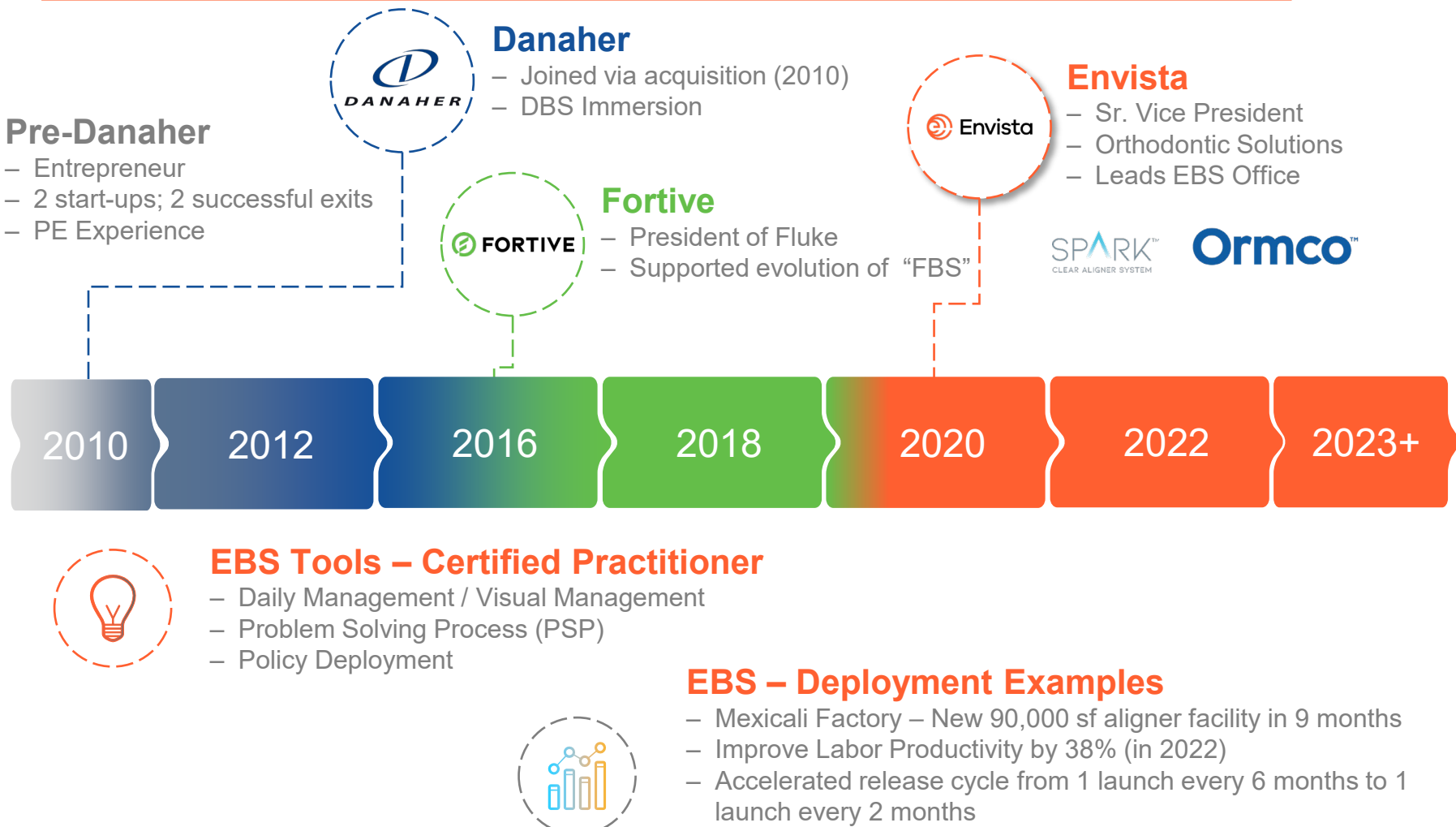
- Internal Fill Rate (IFR)
- Retention

All operating reviews begin with discussing Core Value Drivers (CVDs)



Eric Conley

SVP & President – Orthodontics, EBSO








EBS in Action – Driving Spark Growth

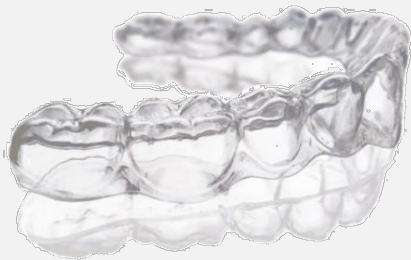
Spark Growth Formula

$$f \left[\text{\# Active Doctors} \times \text{Case Volumes} \times \$ \text{ per case} \right]$$


EBS Tools Used


-  **Policy deployment** to drive breakthrough growth
-  **Standard Work** for training & new doctor onboarding
-  **Salesforce Effectiveness** and **Funnel Management**
-  **Daily Management** to drive rep engagement


CLEAR ALIGNER SYSTEM




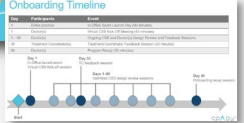
Educational programs


SPARK™ CLEAR ALIGNER SYSTEM EXCLUSIVE EVENT
Dr. Jeff Summers
Huntington Beach, CA
Thursday October 13th & Friday October 14th, 2022


DIGITAL SOLUTIONS FOR ORTHODONTICS
Increase Efficiencies in Treatment Planning For More Predictable Outcomes
Dr. Alyssa Carter & Dr. John Warford

Playbooks


SPARK EMEA COMMERCIAL PLAYBOOK
CONFIDENTIAL – FOR INTERNAL USE ONLY


Onboarding Timeline

2022



2x

of Active Doctors



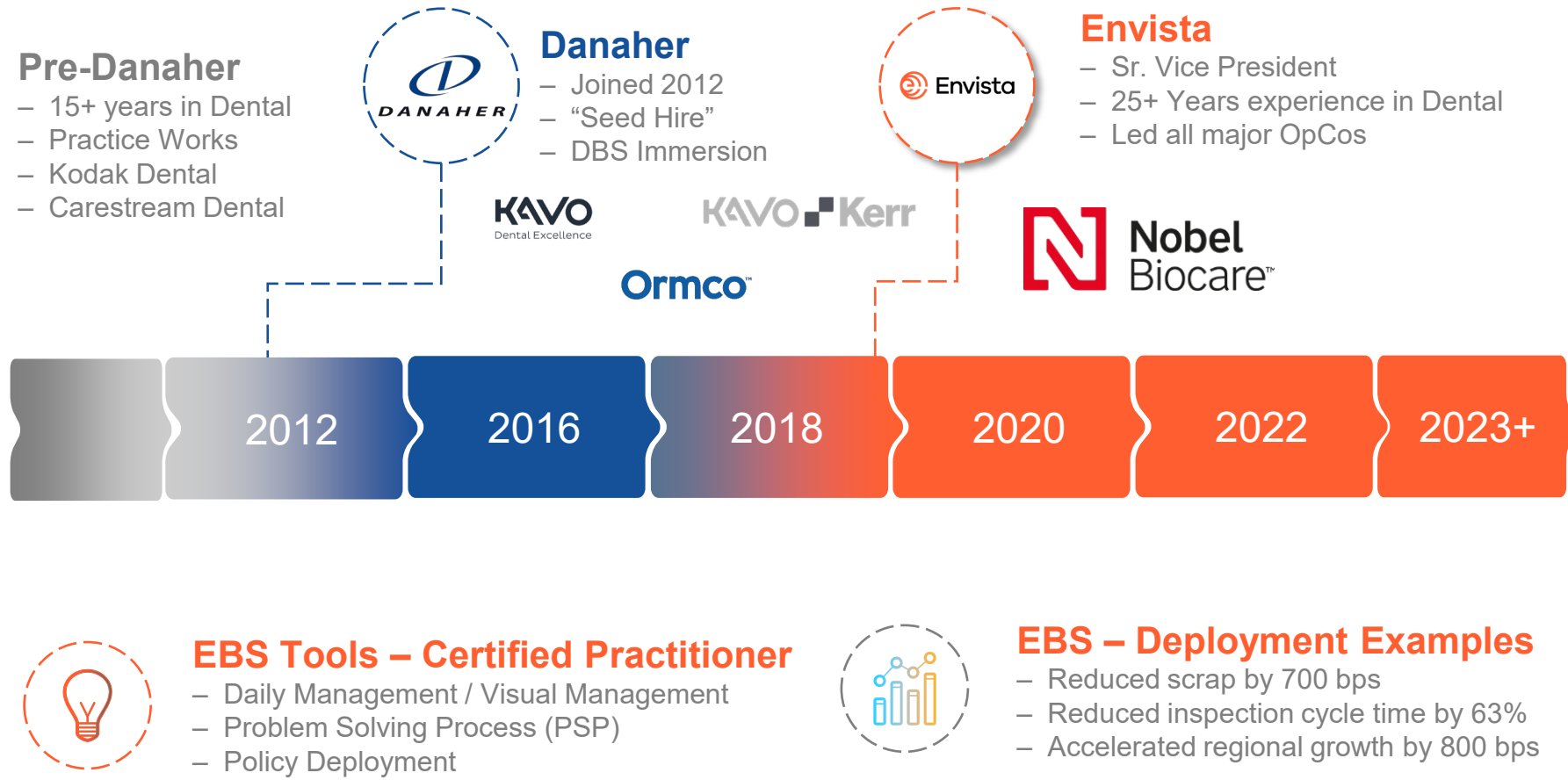
>100%

Annual Revenue Growth



Patrik Eriksson

SVP, President – Nobel Biocare



EBS in Action – Reducing Waste & Saving Money

Fulfill customer needs and save cost at same time

- ✓ **Help customers to be more efficient** in their surgery prep by reducing layers & components of packaging
- ✓ Switch to generic boxes & printed labels **streamlines supply chain** plus customer offices benefit in storing & identifying implants

EBS Tools used



Voice Of Customer (VOC) to identify true customer needs



Experimentation (EXP) to validate assumption and learn from our customers



11.5 RP Ø5.0
NobelParallel™ CC
TriUltra™



>30%

Cost reduction



>15%

Material
reduction



David Armstrong

President – Consumables



DanaHER

- Joined 2010 (Dental Platform)
- Operations / Supply Chain
- General Manager Development Program (GMDP)

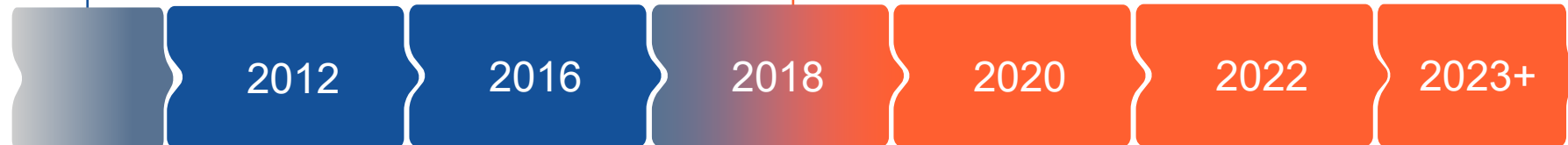


Envista

- Leads Consumables Business
- Rapid DBS/EBS driven career progression in dental

Kerr™

Metrex
INFECTION PREVENTION



EBS Tools – Certified Practitioner

- Daily Management / Visual Management
- Problem Solving Process (PSP)
- Value Stream Mapping (VSM)
- Visual Project Management (VPM)
- Envista Materials System (EMS)
- Transaction Process Improvement (TPI)



EBS – Deployment Examples





- EMS to North American & European sites
- DM/VM across cultures
- European growth above market + margin improvement
- Manufacturing sites 7 to 4 while delivering growth

EBS in Action – Consolidating Sites While Driving Growth

Reduced Resto/Endo manufacturing sites from 7 to 4

- ✓ Significant reduction in fixed costs
- ✓ Significant increase in revenue per square foot
- ✓ Redeployed savings from operations to invest in growth

EBS Tool Used

-  **Value Stream Mapping** to identify wastes & **Visual Project Management & Action Plans** to execute on opportunities for efficiencies
-  **Daily Management / Visual Management** to enable rapid problem-solving and sustainment of critical KPIs
-  **Standard Work** and **5S** at sending and receiving sites
-  **Kaizen Events & PSPs** prioritized, executed & sustained to deliver highest impact



25% reduction in
customer complaints



Improved On-Time
Delivery (OTD) by 10%



Reduced Fixed Costs
by 12.5%



Above Market
Growth



Drew Weightman

President – Implant Direct & ABT



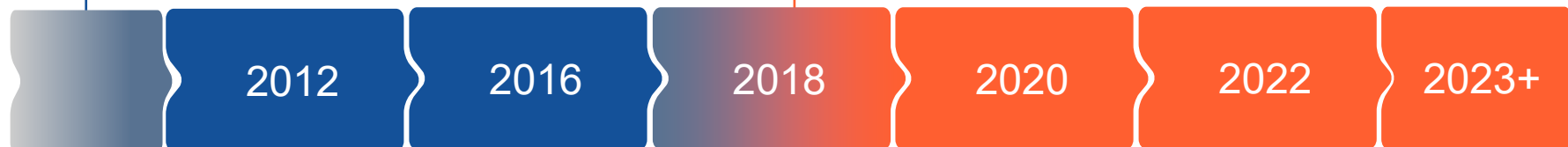
DanaHER

- Joined 2010
- General Manager Development Program (GMDP)
- DanaHER Business System Leader (DBSL)



Envista

- Leads Value Implants
- Rapid career progression driven by DBS/EBS expertise



EBS Tools – Certified Practitioner

- Daily Management / Visual Management
- Value Stream Mapping (VSM)
- Problem Solving Process (PSP)
- Transaction Process Improvement (TPI)



EBS – Deployment Examples

- Transformative Marketing Rollout
- Funnel Management (Std Work)
- On-Time Delivery

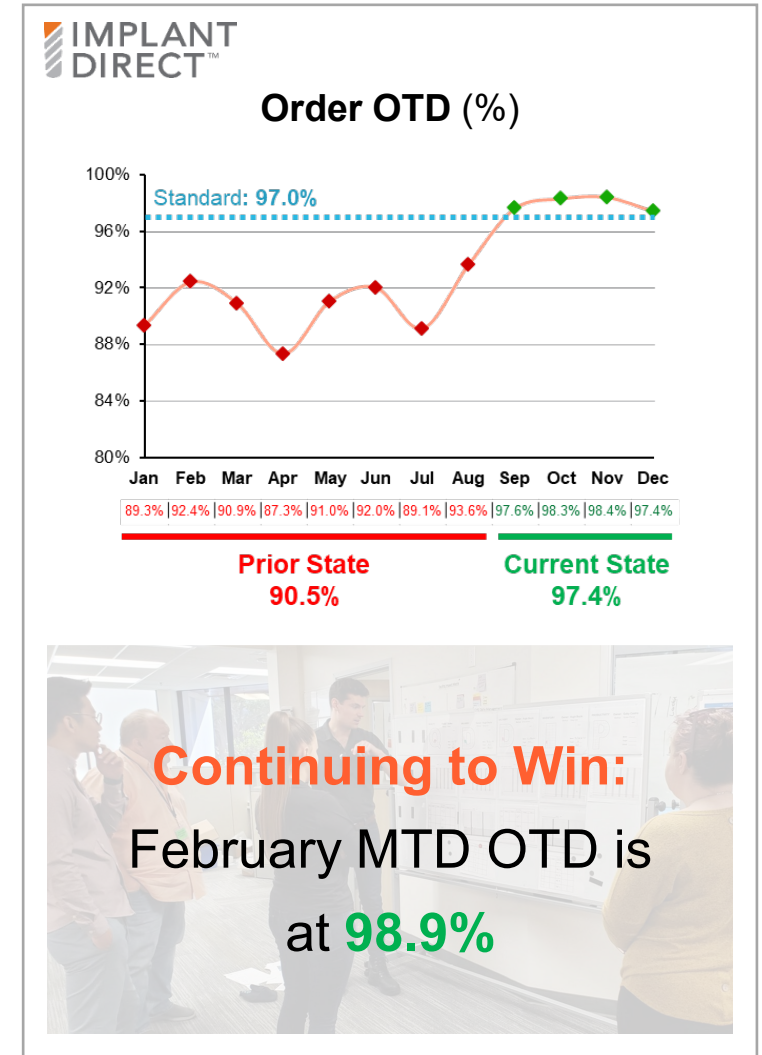
EBS in Action – Driving On-Time Delivery (OTD)

Deliver what our customers want, when they want it

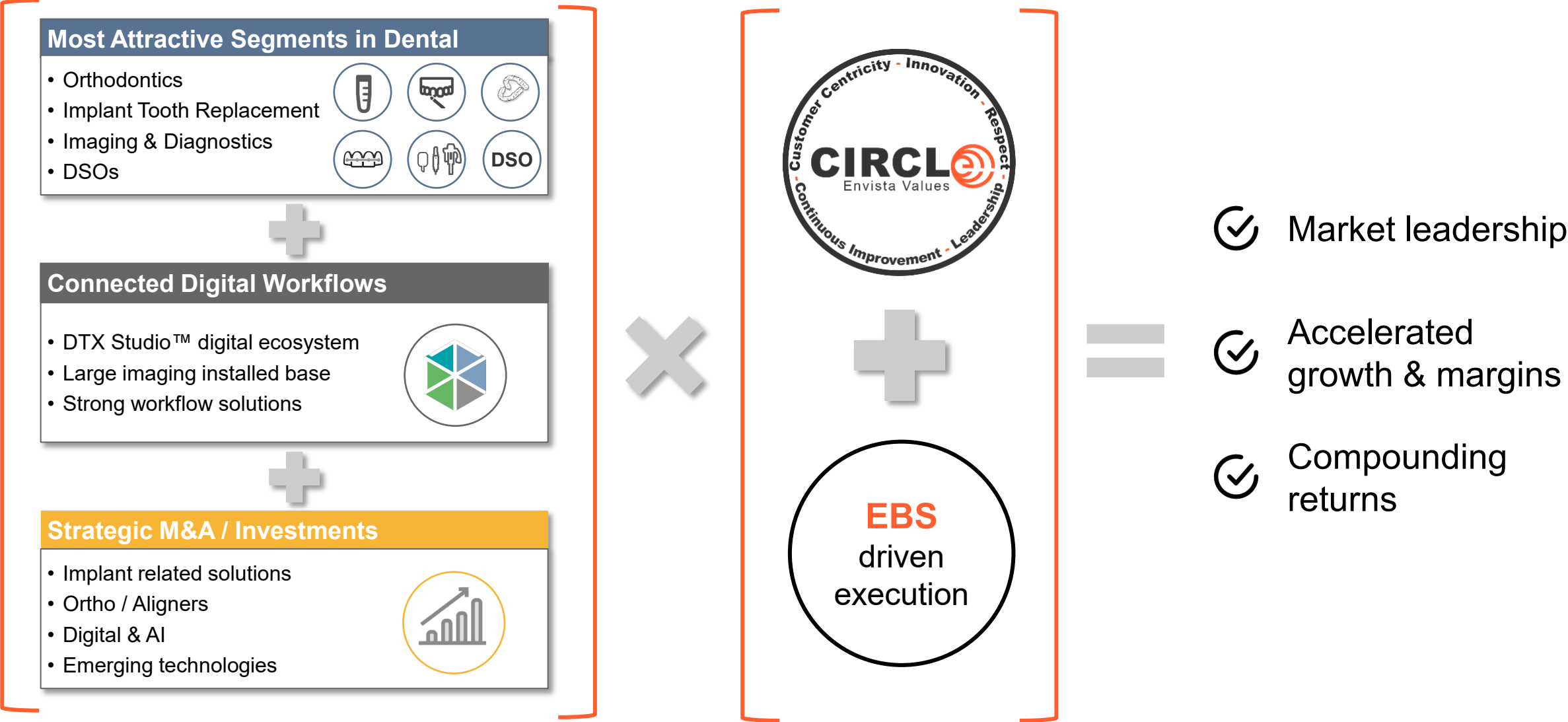
- ✓ Challenge: Swift delivery of implants for scheduled surgeries a critical need. Large SKU assortment makes manufacturing planning complex
- ✓ 1 in 10 orders late – impact to customers and sales / support teams
- ✓ Used the Envista Problem Solving Process (PSP) to break down a complex and long running set of problems
- ✓ Took to “Gemba” with Live DIVE war room to bring key stakeholders together and solve the problem in a visual, enduring, hands-on environment
- ✓ Goal OTD levels now achieved – process muscle in place to sustain

EBS Tools used

- 🔍 **Live DIVE PSP** helped the team identify root causes and implement sustainable countermeasures
- 📊 **Visual Management** kept the team organized and on track while working through an enterprise-wide problem
- 👥 **Kaizen** stopped daily work and broke silos to create process



Envista – Driving Long-Term Leadership



Long-Term Outlook

Value Creation Driven By: Accelerating Growth and Margins

	2022 – 2026**	Comments
Core Sales Growth*	MSD → HSD	Accelerating growth in out years
Adjusted EBITDA%*	>22.5% (in 2026)	Balanced growth and margin expansion
Adj. EPS Growth*	>10%	Compounding returns

*Core sales growth, adjusted EBITDA margins & Adj. EPS are non-GAAP financial measures. These figures cannot be reconciled to the closest GAAP measures without unreasonable effort because of the unpredictability of the amounts and events affecting the items we exclude from non-GAAP measures.

**These are not projections and do not constitute guidance; they are subject to significant uncertainties and contingencies and are based upon management's current assumptions, which are subject to change.

Key Takeaways

- ② Dental is an attractive market with positive secular growth trends

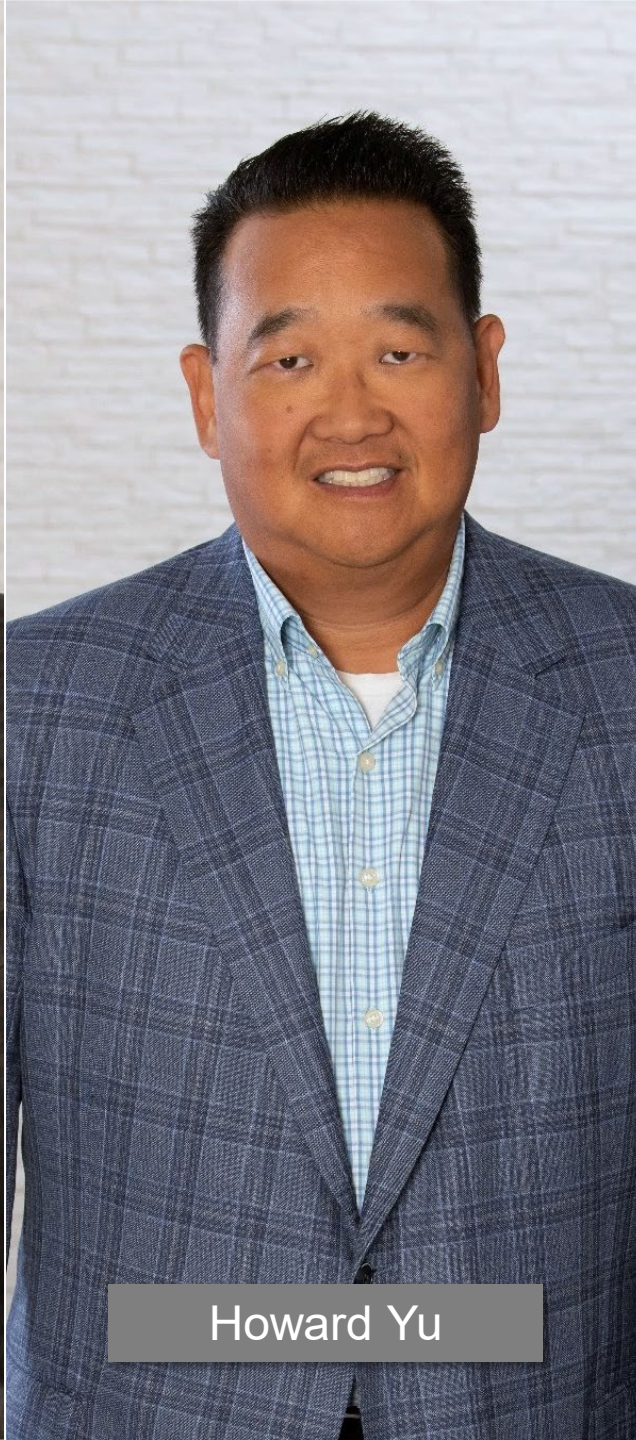
- ② Envista is strategically differentiated with a proven track record of execution

- ② Significant opportunity to accelerate growth, improve margins, & create long-term value for patients, customers, and shareholders

Q&A – Panel Discussion



Amir Aghdai



Howard Yu



Eric Conley



Patrik Eriksson



Envista

Appendix

Reconciliation of Core Sales Growth¹

<u>Core Sales Growth</u> ¹	% Change Three Month Period Ended December 31, 2022 vs. Comparable 2021 Period	% Change Twelve Month Period Ended December 31, 2022 vs. Comparable 2021 Period
Consolidated		
Total sales growth	1.4 %	2.4 %
Plus the impact of:		
Acquisitions	(3.1)%	(1.8)%
Currency exchange rates	4.0 %	3.5 %
Core sales growth	2.3 %	4.1 %
Specialty Products & Technologies		
Total sales growth	1.7 %	6.0 %
Plus the impact of:		
Acquisitions	(2.2)%	(1.1)%
Currency exchange rates	5.0 %	4.2 %
Core sales growth	4.5 %	9.1 %
Equipment & Consumables		
Total sales growth	0.9 %	(3.1)%
Plus the impact of:		
Acquisitions	(4.6)%	(2.8)%
Currency exchange rates	2.8 %	2.5 %
Core sales growth	(0.9)%	(3.4)%

¹ We use the term "core sales" to refer to GAAP revenue excluding (1) sales from acquired businesses recorded prior to the first anniversary of the acquisition ("acquisitions"), (2) sales from discontinued products and (3) the impact of currency translation. Sales from discontinued products includes major brands or products that Envista has made the decision to discontinue as part of a portfolio restructuring. Discontinued brands or products consist of those which Envista (1) is no longer manufacturing, (2) is no longer investing in the research or development of, and (3) expects to discontinue all significant sales within one year from the decision date to discontinue. The portion of sales attributable to discontinued brands or products is calculated as the net decline of the applicable discontinued brand or product from period-to-period. The portion of GAAP revenue attributable to currency exchange rates is calculated as the difference between (a) the period-to-period change in sales and (b) the period-to-period change in sales after applying current period foreign exchange rates to the prior year period. We use the term "core sales growth" to refer to the measure of comparing current period core sales with the corresponding period of the prior year.

Reconciliation of Adjusted EBITDA

(\$ in Millions)

<u>Adjusted EBITDA</u>	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net Income From Continuing Operations	\$ 73.5	\$ 42.5	\$ 238.0	\$ 263.5
Interest expense, net	14.5	10.5	38.4	54.1
Income taxes	2.2	(5.3)	45.9	(9.0)
Depreciation	7.9	8.4	31.8	33.3
Amortization of acquisition-related and other intangible assets	27.8	20.1	106.0	81.5
Restructuring costs and asset impairments ^A	9.5	39.8	37.6	63.6
Contingent loss reserves ^B	—	0.9	1.0	4.2
International tax credit ^C	—	—	(6.5)	—
Acquisition related expenses ^D	1.1	3.8	15.7	3.8
Fair value adjustment of acquisition-related inventory ^E	1.8	—	9.5	—
Adjusted EBITDA	<u>\$ 138.3</u>	<u>\$ 120.7</u>	<u>\$ 517.4</u>	<u>\$ 495.0</u>
Adjusted EBITDA as a % of Sales	20.9 %	18.5 %	20.1 %	19.7 %

See the accompanying Notes to Reconciliation of GAAP to Non-GAAP Financial Measures

ENVISTA HOLDINGS CORPORATION

NOTES TO RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (UNAUDITED)

- ^A We exclude costs incurred pursuant to discrete restructuring plans that are fundamentally different (in terms of the size, strategic nature and planning requirements) from the ongoing productivity improvements that result from application of the Envista Business System. These restructuring plans are incremental to the operating activities that arise in the ordinary course of our business and we believe are not indicative of Envista's ongoing operating costs in a given period.
- ^B Represents accruals for certain legal matters.
- ^C The international tax credit relates to a ruling from the Brazilian Supreme Court.
- ^D These represent acquisition related transactions expenses and integration costs with respect to business combinations.
- ^E Represents the fair value adjustment related to inventory acquired in connection with the acquisition of Osteogenics and Carestream Dental's Intraoral Scanner Business.

Statement Regarding Non-GAAP Measures

Each of the non-GAAP measures set forth above should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies. Management believes that these measures provide useful information to investors by offering additional ways of viewing Envista Holdings Corporation's ("Envista" or the "Company") results that, when reconciled to the corresponding GAAP measure, help our investors to:

- with respect to Adjusted Gross Profit, Adjusted Operating Profit, Adjusted Net Income, Adjusted Diluted Earnings Per Share and Adjusted EBITDA, understand the long-term profitability trends of Envista's business and compare Envista's profitability to prior and future periods and to Envista's peers;
- with respect to Core Sales, identify underlying growth trends in Envista's business and compare Envista's revenue performance with prior and future periods and to Envista's peers;
- with respect to Adjusted EBITDA, help investors understand operational factors associated with a company's financial performance because it excludes the following from consideration: interest, taxes, depreciation, amortization, and infrequent or unusual losses or gains such as goodwill impairment charges or nonrecurring and restructuring charges. Management uses Adjusted EBITDA, as a supplemental measure for assessing operating performance in conjunction with related GAAP amounts. In addition, Adjusted EBITDA is used in connection with operating decisions, strategic planning, annual budgeting, evaluating Company performance and comparing operating results with historical periods and with industry peer companies; and
- with respect to Free Cash Flow (the "FCF Measure"), understand Envista's ability to generate cash without external financings, strengthen its balance sheet, invest in its business and grow its business through acquisitions and other strategic opportunities (although a limitation of free cash flow is that it does not take into account the Company's debt service requirements and other non-discretionary expenditures, and as a result the entire Free Cash Flow amount is not necessarily available for discretionary expenditures).

Management uses these non-GAAP measures to measure the Company's operating and financial performance.

Statement Regarding Non-GAAP Measures (Continued)

The items excluded from the non-GAAP measures set forth above have been excluded for the following reasons:

- With respect to Adjusted Gross Profit, Adjusted Operating Profit, Adjusted Net Income, Adjusted Diluted Earnings Per Share and Adjusted EBITDA:
 - We exclude the amortization of acquisition-related and other intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly-acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe, however, that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized.
 - With respect to the other items excluded from Adjusted Gross Profit, Adjusted Net Income, Adjusted Operating Profit, Adjusted Diluted Earnings Per Share and Adjusted EBITDA, we exclude these items because they are of a nature and/or size that occur with inconsistent frequency, occur for reasons that may be unrelated to Envista's commercial performance during the period and/or we believe that such items may obscure underlying business trends and make comparisons of long-term performance difficult.
- With respect to core sales, we exclude (1) the effect of acquisitions and divested product lines because the timing, size, number and nature of such transactions can vary significantly from period-to-period and between us and our peers, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult, (2) sales from discontinued products because discontinued products do not have a continuing contribution to operations and management believes that excluding such items provides investors with a means of evaluating our on-going operations and facilitates comparisons to our peers, and (3) the impact of currency translation because it is not under management's control, is subject to volatility and can obscure underlying business trends.

With respect to the FCF Measure, we adjust for payments for additions to property, plant and equipment (net of the proceeds from capital disposals) to demonstrate the amount of operating cash flow for the period that remains after accounting for the Company's capital expenditure requirements.